

# Streamlined Specialization and Profitable Exit



### CLIENT PROFILE:

A U.S. speciality insurance firm, originally owned and majority controlled by **an investment firm**, transformed into a leading specialty insurer through strategic divestitures, cost optimization and operational excellence. The specialty firm was acquired by a **global financial firm**, yielding a meaningful return.

### THE CHALLENGE: High Expense and Combined Ratios Post Divestiture

Following a multi-year divestiture program with over a four-year period to eliminate non-specialty commercial, personal lines and legacy runoff liabilities, the speciality firm refocused exclusively on specialty insurance. However, that sharpened focus exposed lingering inefficiencies:

- **Expense and combined ratios remained high**, often eroding underwriting profitability.
- With reduced operational scale, managing IT costs became a critical lever.
- The company needed to **reduce costs without sacrificing service quality and culture**.

The investment firm saw the opportunity to improve financial performance and position the speciality firm for a future strategic exit.

### THE SOLUTION: ECLARO's Dedicated Offshore IT Team

ECLARO was engaged to deliver a dedicated offshore IT model, designed to:

- **E** Drive substantial cost savings in IT operations.
- **E** Preserve service quality and company culture through embedded offshore teams aligned with the speciality firm's values.
- **E** Provide support across IT functions:
  - Application Development
  - QA & Testing
  - Infrastructure Support
  - Cybersecurity & Compliance

ECLARO's engagement model ensured continuity, responsiveness and high delivery standards.

### THE RESULTS: Financial and Operational Transformation

#### ■ **E** Reduced Expense Ratio & Improved Combined Ratio

With offshore IT integration, the speciality firm significantly cut operating costs—lowering its expense ratio and, in turn, improving the combined ratio across specialty lines.

#### ■ **E** Maintained Productivity & Service Levels

There was no drop in output quality or turnaround times. Offshore teams worked as seamless extensions of the speciality firm's U.S.-based staff.

#### ■ **E** Cultural Continuity & Team Integration

ECLARO's focus on cultural alignment and dedicated team structures ensured that employee and client experience remained strong.

#### ■ **E** Scalable, Flexible IT Capacity

The model allowed the speciality firm to scale operations efficiently—adding talent as needed without overhead inflation. The offshore team is now 100+ strong.

### STRATEGIC OUTCOME: Legacy P&C Becomes Premium Platform

Once the speciality firm's expense and combined ratios were markedly improved—and its specialty platform well positioned—the investment firm successfully sold it to the global financial firm, driving a substantial value creation through operational improvements and turning a legacy P&C asset into a premium specialty platform.

### KEY TAKEAWAYS

- **E** ECLARO enabled the speciality firm to **reduce operational costs**, improving key financial metrics before sale.
- **E** Offshore IT support—in development, QA, infrastructure, security—was critical in lowering expense ratios **without compromising quality**.
- **E** The investment firm realized a **profitable exit**, selling the speciality firm at a premium share price and transforming it into a high-value specialty insurer.

### OUR CLIENT SAYS...

*"The offshore teams that ECLARO established worked seamlessly with our U.S.-based teams, and our service levels never missed a beat. The ECLARO approach isn't just about cost savings, it's about superior talent."— Client CIO*